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March 13, 2009

Mary Rupp, Secretary of the Board
National Credit Union Administration
1755 Duke Street
Alexandria, Virginia 2231-3428

Dear Ms. Rupp and Members of the NCUA Board:

Thank you for the opportunity to comment on the issue of the role of corporate credit unions. My perspective is written as the President of Western Connecticut Federal Credit Union (Credit Union) and on behalf of the members, our employees and hard working board members.

Issues for consideration:

1. The role of Corporates in the credit union system-

As you state, recent events highlighted the vulnerabilities in the corporate credit union system. Our credit union, along with others, is paying a heavy price for Corporates' actions. This represents a significant loss for the credit union, especially for something that our credit union had no responsibility for or participation in. Because of the current structure the Corporates' operate in, our credit union is subject to further losses. Therefore the role of Corporates should immediately change because there is no transparency for our members to know that the actions of Corporates' have caused this situation in which we are required to pay for their errors.

I see the number of Corporates being reduced significantly, even down to only 4 national corporate credit unions that can provide support for the daily operations for the credit union payment system with minimal settlement risks. The transaction service volume is expected to be greater overall and should result in prices being reduced because of the economies of scale. These entities also should be organized as "not for profit" further reducing the pricing offered to member credit unions. The mission of these new Corporates would be to provide orderly payment services and so the capital requirements of these national Corporates should be minimal.

It is obvious that the Federal Government is the only organization that can insure the credit worthiness and settlement requirements of the credit union system. Perhaps Federal Credit Union Banks can provide these services.

The only other function Corporates are needed for is for liquidity services or money management services. These "Banks for Banks" equivalents would provide no risk investment management on a local or regional level. They could be credit union correspondents; agencies of the national

credit unions mentioned above or are franchised by the Federal Government. Small lines of credit and overnight investment services would be provided to natural person credit unions within a not for profit structure.

I see no reason for Corporates to territorialize field of memberships. However I feel having regional locations would be a benefit for credit unions to provide a localized level of support and a source for training.

2. Corporate capital should be sufficient to provide working capital and infrastructure funding for the national and correspondent "Corporates". This capitalization should be minimal. There should be no risk based capital needed for these Corporates.

3. Permissible investments- Why ask this question considering the blundering that that has taken place? The only permissible investments are issues backed by the Federal Government that are the type to provide normal liquidity for credit unions depository needs. There is no profit motive and overnight returns are all a credit union would be offered.

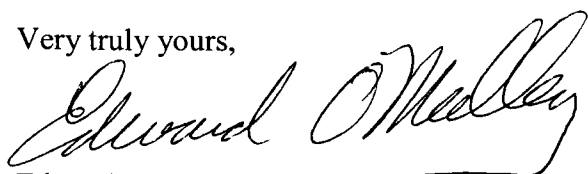
4. Credit risk management should not be a responsibility of any corporate because they don't have a clue what this entails. The thought is alarming that any corporate credit union was allowed to purchase private name mortgage securities for its natural -person credit unions' liquidity and short term cash management requirements. The regulator has to bear responsibility for the types of securities and amounts permitted to be purchased.

5. Asset Liability Management- It should not be required under the above structure of a "Corporate."

6. Corporate Governance- Personally I believe that the days of the pure volunteer is over considering the responsibility of each board member. Business is more complicated and adequate governance is not assured with volunteers. Perhaps board members should be paid per board member appearance at a rate commensurate with the size of the credit union (members) it represents. NCUA can cap the payments by regulation. Term limits are appropriate and maybe no member can serve the same credit union more than 15 years during his/her lifetime.

In summary I believe that any structure must be clear to our members. I disagree that the "credit union community" must take care of itself. These Corporates were vendors and our members are their customers and the customer is being told to pay for the vendors losses. How difficult is that for the credit union member to understand?

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward O'Malley". The signature is fluid and cursive, with a large, stylized "E" and "M".

Edward O'Malley, President & CEO